

John W. Gohmann, President,



August 23, 2006

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Members of the US Surface Transportation Board

RE: Regulation of Diesel Fuel Surcharges

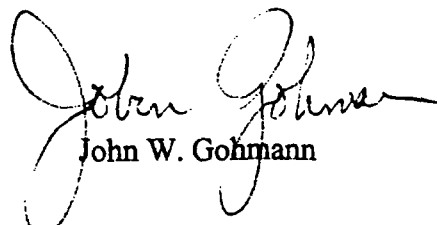
Another item just was released earlier this week which would confuse and impair the ability of railroads to recover all fuel costs, and that, as the attachment notes, is the announced plans of the EPA to impose new fuel emission standards for diesel locomotives by the end of 2007. The industry just went through adjusting for the 2005 date standards and the costs of new locomotives increased by about 5% just as a result of this regulation. It's not predictable what cost increases will occur when these new regulations become effective as well as any potential retrofitting costs, if imposed.

For new trucks, we know the new engines will cost between \$5000 and \$15,000 more per truck, and, the media also reports that fuel economy will suffer another 5 to 10% of current diesel efficiency levels as a result. While too early to tell, due to the characteristics of low sulphur diesel (including a more rapid burn), this could have a double impact on the railroad industry – and further drive up fuel prices as well as both trucks and trains will take more gallons of fuel to move the same equivalent amount of freight. We again suggest leaving well enuf alone is the best solution.

We do, however, endorse the point that every shortline or regional or terminal carrier should be allowed to collect reasonable fuel surcharges based upon their capital expounded to conserve fuel and their actual fuel purchased. Those can vary by each railroad, again, based on length of haul, frequency of service and volume, and, to attempt to regulate that would be a disaster. However, these carriers should have no strings ^{net} attached for collecting this surcharge, just as the Class I's have ~~set~~ their surcharge levels to various performance goals or levels of handling traffic. The facts are that fuel is up close to 300% in three years, and, they should be entitled to collect that extra cost just as the class I carriers do..

Thank you for your review and consideration.

Attachment


John W. Gohmann

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Updated on 8/21/2006 - 11:45:00 AM EST

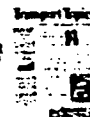
EPA Plans New Pollution Rules Governing Railroad Locomotives

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The Environmental Protection Agency said it is planning to target locomotive pollution emissions with a plan that could have as dramatic an effect on railroads as the agency's past regulations have had on the trucking industry.

EPA spokesman John Millett confirmed that the agency is planning to issue draft regulations by the end of this year for engines that power trains and ships. The regulations would reduce nitrogen oxide and particulate matter emissions by 80% to 90% from current levels. He said the draft plan would be finalized by the end of 2007.

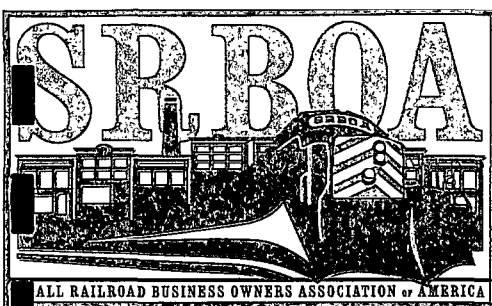
**From
the latest
print
edition**



Changes to environmental standards for railroads will "follow exactly the same pattern" as recent environmental rules for truck engines, said Millett. "We're linking clean fuels with new engine technology."

For the full story, see the August 21 print edition of Transport Topics. [Subscribe today.](#)

*By Andrea Fischer
Staff Reporter*



Before the US Surface Transportation Board

Comments of the Small Railroad Business Owners of America
And
Minnesota Commercial Railway Company

Relative to the Board's Contemplation of Imposing Fuel
Surcharge Limitations on Class I Railroads.

August , 2006

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August 20, 2006

To: Members of the US Surface Transportation Board
Washington, DC.

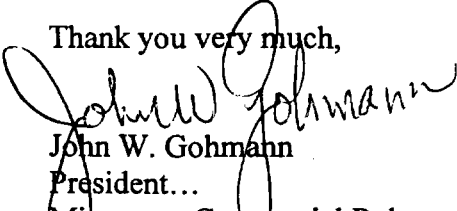
Herewith our comments and thoughts on reregulation of energy fuel surcharges imposed by Class I carriers.

We speak from considerable experience. Not only have we taken huge several million dollar capital investment steps to reduce our fuel consumption in the railway business through a variety of means, but, we also own and operate a truckline and feel the daily Pulse of that industry as well and the implications to the national energy and environmental and transport policies were you to try to limit fuel surcharges on the railroads without correspondingly equal efforts on other modes.

We respectfully suggest you are dancing on dangerous ground here which could reverse the importance rails will play in decades to come and the economic strength of our country and our energy policies if you tamper in this area at this time without reregulating all other modes. Costs of fuel vary by railroad based on their length of haul, grades, curves, and capital needs. Imposition of any artificial costing methods would materially harm the industry and its efforts to increase capacity and infrastructure, and equipment costs, at one of the most delicate times in our nation's history where changing world economics is playing a huge role in every cost and thing we do.

We urge you to leave this alone.

Thank you very much,


John W. Gohmann
President...

Minnesota Commercial Railway Company, and,
Small Railroad Business Owners of America.

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as the economics of a tractor - pulling a loaded trailer, have pretty well calculated to close to precision what kind of fuel efficiency they get per ton mile handled.

For all the reasons discussed herein, railroad economic dynamics make any kind of "cost of fuel per mile" or fuel burned per mile very hard to standardize - another element flawed in the Board's logic. For example, the cost of railroading in mountainous territory, with 2 and 3% long grades, and twisting curves, is much greater in terms of fuel consumed per carload, or ton mile, than out in the open country where flat open territory allows far better fuel efficiency. The cost of operating a 100 car general mixed merchandise train, which also handles empties returning for other loads, at a speed of 50 mph is far less in energy burned than with the same train at 60 mph or 70 mph. The cost of operating a high speed intermodal train, with say 150 containers and a huge amount of wind drag, is even higher in some instances than a 100 car merchandise train, and, all costs vary depending upon terrain, weather, and, all other conditions. The cost of railroading in winter, including the coefficient of resistance of a steel wheel on a steel rail, is different than in summer heat. Resistance is greater, and, fuel burned is much different (see also discussion about idling locomotives). And, the cost of operating a short, "local" way freight train with 20 or 30 cars and two locomotives is also different. Shorter trains with lesser cars get less carmiles per gallon than their 80 to 100 car partners. Shortlines and terminal railroads generally fall into this category.

Aside from all the above making any kind of standard fuel surcharge cap or measurement fair or accurate, any effort to "standardize" or include all these variables into various "caps" would be extremely burdensom and complex for the rail industry to monitor. As the articles and narrative contained herein show, the price of fuel has been so volatile lately (rising 10 cents per gallon the week of August 4th to the 12th, as an example), that the trucking industry is asking the DOE to issue twice per week, instead of once per week, the current price of diesel fuel, so that trucks can react immediately with pricing their surcharges rather than weekly

Introduction

For the first time since deregulation of rail rates in the early 1980s', bowing to the pressure of the National Industrial Transport League and other power Washington lobbies such as the utilities, grain and feed associations, complaints from allegedly rail captive states and shippers, and, coal producers, the Board has begun to fashion a restriction on the use of fuel surcharges by railroads.

We think this is seriously wrong.

First, as a small railroad interest, we understand the sometimes frustration rail shippers have with railroads, who have trimmed staff, (the same as have all industries) to operate leaner in this computer age. Sometimes relationships get short, and, also, the railroads no longer make contracts in many cases (except with large coal, grain and other shippers who can tender hundreds of millions of dollars of freight in volumes where rail costs are lower). It has become harder for us sometimes to make contact with and work with these larger railroads, but we added staff and we indeed survive. We have seen our large Class I connections demarket certain regional or low profit business, but, again, we have survived. We published a reasonable per car surcharge to all our Class I connections which is tied to west Texas crude and we have had no complaints from Class I's absorbing it. Overall, our carload history has grown by about 10 to 15% these past two years.

We all see the issue from an other side. We are probably the only railroad in the country operating a US DOT licensed truck line which in some cases, hauls the same materials as rails do, but, more often, supplements and improves rail usage by taking products to the 80% of American shippers today (approximate average) who do not have rail service from our warehouse rail transload. We see and feel every day the rising fuel costs in the trucking business and see the surcharges trucks are placing on their business in order to survive.

THE BASIC PROBLEM

The basic problem the rail industry faces to day is lack of capacity for all the products which, due to higher truck rates (that are not regulated at all and none of these same industry associations who use trucks to move 75% of their products in some cases are even attempting to regulate truck, or barge, or air freight fuel surcharges). There are chronic shortages of trucks today, and, if they fail to pay the surcharges, they just won't get trucks because they too, have costs of capital and operation. Yet, many publically traded trucklines, if the STB reviews financial sections, are cashflowing well and a few, enjoying record profits despite tractor and driver shortages.

The lack of capacity stems from a half a century of federal and state public policy which poured hundreds of billions of dollars, more likely trillions of dollars, into a transport

RailAmerica's according to their 2005 annual report, has only been achieved through these capital investments which save us fuel. Saving energy is also in the public interest, and, if we could not do that, or get our capital back through our modest fuel surcharges, we would stop doing it, for sure, as would all other roads who are making similar investments – both large and small, to reduce consumption and improve efficiency that way. Exhibits D, E, F and G are all living examples of what we have done – but its not always feasible for railroads with expansive mileage and mileage in rural areas, as well, where locomotives cannot come back to a home shop every night as can MCR's.

Finally, we suggest you pour through Exhibit H, which looks at truck fuel consumption – remember trucks are moving about 75% of the nation's products, and, there are no efforts to impose fuel surcharge restrictions on them and same would be economically devastating and ruin many hundreds of truck lines and thousands of truckers. All trucklines are running on thin margins and it's the fuel surcharge that keeps them afloat, but remember, their cost of capital stops at the wheels, where the railroad industry's most expensive and capital intensive assets which need expansion, its systems and track structure, BEGIN AT WHERE THE STEEL WHEEL MEETS THE STEEL RAIL, AND, EVERY NICKEL WE PUT INTO IMPROVING THE TRACK STRUCTURE OR EXPANDING IT THE GETS HIT WITH PROPERTY TAXES BY STATE AND LOCAL GOVERNMENTS...

In summary, we urge the STB to continue to let the free market place determine fair and absorbable fuel surcharges, as is government policy with all other freight modes. Cash and capital comes from earnings, and, any imposition of any limits on a fuel surcharge is not only going to make the rail industry less competitive with other more energy efficient modes (and exacerbate a very invalid economic basis where federal dollars are used to subsidize one, and not the other). This will lower the cash flow and capital available to the industry to make its share and all it can raise for infrastructure improvements, reduce its volumn and marketshare over time to trucks and other modes as it will not be able to make then necessary capital investments to expand and improve the infrastructure, or acquire the necessary level of new cars, equipment and locomotives to meet demand, AND ALL THIS IN TURN WILL PUT GREATER DEMANDS ON TRUCKS AND OTHER MODES OF TRANSPORT THAT ARE LESS FUEL EFFICIENT, AND, DO YOU HAVE ANY DOUBT WHAT THAT WILL DO TO ENERGY PRICES AND OUR ENVIRONMENTAL INTERESTS. WE ARE SURE YOU KNOW, OR, WOULD NOT BE SITTING AS AN IMPORTANT FEDERAL POLICY MAKER!

While we realize that utilities have some state rate regulation, bona fide transportation costs can be passed on to the consumer and have been in the past. We understand that due to foreign competition, much manufacturing and industry is under severe profit pressures. All of us are. For example, costs of second hand, hand me down locomotives that shortlines use has tripled to quadrupled in prices in the past three years, the cost of overhauling locomotives, with much steel and other contents, have doubled to tripled, and, new, energy compliant locomotives which the class I's are buying which used to cost about \$300,000 IN THE mid 1970's now run TWO MILLION A PIECE... The cost of second hand or new rail has doubled to tripled in the past three years. Facing these huge

Exhibit A

The railroad industry has been, and continues to be unable to earn its cost of Capital, as the STB so well knows, and, there is a projected 190 billion dollar shortfall of capital the industry will be able to raise over the next 20 years to meet minimum capital requirements for the country to avoid transport gridlock.

In FY 2006, the industry is spending over 10 billion dollars on capital improvements, highest in history, and, far more as a percentage of revenues and profits than many other industries.

freight-rail system is confronted by congestion and capacity choke points along national corridors, at intermodal terminals, and at urban rail interchanges. The commuter and intercity passenger railroads, which share these rail lines with the freight railroads, share these same challenges.

"A market-driven evolution of the freight-rail system will accommodate some of the economic growth, but relieve little of the forecast congestion on the highway system. A public-policy driven expansion of the freight rail system supported by public sector investment is needed if the system is to maintain its share of forecast tonnage and help relieve pressure on the highway system. Without coordinated public and private action, congestion and capacity constraints will weaken the freight industry, the economy, local communities, and the environment.

"Public sector investment historically has treated the bottom of the system—grade crossings, branch lines, and commuter rail services. The need today is to treat the top, the key elements of the national network—nationally significant corridors, intermodal terminals and connectors, and urban rail interchanges.

"A first approximation suggests that the freight-rail system needs an additional investment of \$2.6 billion to \$4.0 billion annually. This investment can be shared among the railroads, the states, and the federal government, and portions of the public sector's investment could be paid back from long-term growth in the railroads' revenues.

"The states have the experience to initiate and manage the program with the railroads, but it will be a challenge. The program must balance public demands for economic development, community, and environmental benefits against the risk of distorting the competition of the freight transportation marketplace. Federal initiative and support will be needed to enunciate a clear national policy of improving freight system productivity, facilitate the creation of multi-state investment corporations or banks to coordinate network-level improvements, and help fund the program."

Another AASHTO study, Intercity Passenger Rail Report, found that \$2.8 billion a year needs to be invested over the next six years in high speed passenger rail corridors—though not at the expense of highways.

"The federal government invests billions of dollars each year in other critical transportation systems in cooperation with state governments," said New York State DOT Commissioner Joseph Boardman, chairman of AASHTO's Standing Committee on Rail Transportation. "Similarly, it must be a strong financial partner with states in the provision of future rail passenger service, without drawing funding from other modes."

AASHTO Executive Director John Horsley says "no transportation mode exists in isolation from the others. To keep the highway network viable, we need strong transit, freight rail, and passenger rail systems to absorb some of the rising demands."

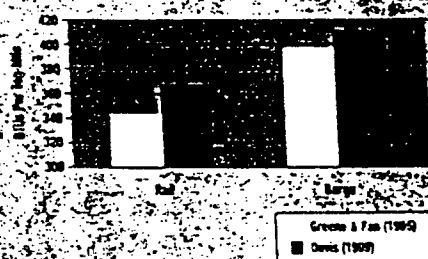
Exhibit B

Railroads Have been determined to be the most capital and energy efficient investment of all modes of surface transportation, even surpassing barge lines according to a recent Grain Institute study. And, railroads leave just a small percentage of energy emissions into the air as compared to other modes of transport.

The highly subsidized barge industry lacks the cost efficiency incentives that would normally force industries to invest in technological research and development to improve efficiency.

Figure 1

Energy Consumption in Two Recent Studies



1. MARCH2000 Midwest River Area Coalition 2000 Website: www.marc2000.org
2. U.S. Department of Transportation, Maritime Administration, Inland Rivers, Ports and Terminals, Inc. Environmental Advantages of Inland Barge Transportation. Online: <http://frpt.com/environ1.htm>
3. Casavant, K. 2000. Agricultural Transportation Challenges in the 21st Century. Inland Waterborne Transportation - An Industry Under Siege. United States Department of Agriculture. November 2000.
4. Tolliver, D. August 2000. Analysis of the Energy, Emission and Safety Impacts of Alternative Improvements to the Upper Mississippi and Illinois Waterway System. Report to the Army Corps of Engineers. http://www.mva.usace.army.mil/powr/nav_study/recon_reports/Aug2000.htm
5. Baumel, C.P. and J. Gervais. "Estimates of Fuel Consumption in Transporting Grain from Iowa to Major Markets by Alternatives Modes". Iowa State University, June 1999.
6. Greene, D. and Y. Fan 1995. Transportation Energy Intensity Trends: 1972-1992. Transportation Research Record, #1475.
7. Davis, S.C. 1999. Transportation Energy Databook, Edition 19. Center for Transportation Analysis, Oak Ridge National Laboratory, U.S. Department of Energy.
8. Krohn, Ted. 1998. "Railways: Structure, Regulation and Competition Policy." Federal Railroad Administration, U.S. Department of Transportation.
9. Casavant, K. 2000.
10. Tolliver, 2000.
11. Ragmi, A. and M. Githhar. 2001. Forces Shaping Global Food Demand and Agricultural Trade, Agricultural Outlook, May, Pg. 10.
12. Forhambrook, D.J., Foster, M.S.J. and M.R. Crum. 1993. Transportation and Iowa's Economic Future.
13. B. Upjohn. 1998. A river of subsidies. Forbes Magazine, 03/23/98.
14. Testimony of Kevin Kaufman, May 2001. Before the subcommittee on surface transportation and merchant marine of the senate committee on commerce, science and transportation.

Barge and Rail Transport Are Bi-Modal

As Casavant (2000) points out in his report, *Agricultural Transportation Challenges in the 21st Century*, trucks serve as the feeders of both the rail and barge shipping points.⁹ Therefore, the truck distance traveled may be the ultimate determinant of which inter-modal combination of transport is most energy efficient from commodity origin to destination. Tolliver (2000) acknowledges that the failure to incorporate the truck transport that is directly associated with barge and rail transport is problematic. Tolliver suggests that this be considered in future assessments of transport efficiencies.¹⁰ If truck transport distances into rail and barge stations differ substantially, then combined truck-rail and truck-barge fuel efficiencies may significantly change from the direct modal estimates in related studies.

Commodity Destinations and Values Are Shifting

Increases in domestic processing of commodity crops over the last thirty years have lessened the emphasis on waterway transport. For example, domestic corn processing has increased from 9% in 1976 to 18% in the late 1990s. This is significant for the barging industry because domestic corn products are generally moved by rail to the destination ports. Rail transport tends to be faster, more reliable and more predictable than water transport and thus preferable for perishable commodity transport.

Over the last 20 years, the value of U.S. commodities shipped for export have declined and destinations have changed. In 1980, bulk exports accounted for nearly 70% of the value of total U.S. agricultural exports, but the share declined steadily to less than 40% in 1998. With relatively low bulk prices in the late 1990's and a slow volume growth, the value of U.S. bulk trade in 1998 was below the value in 1980.¹¹

Another trend has been the shift in export destination. In the early 1980's, the U.S. shipped most of its export grain to New Orleans en route to Europe. Barges operating on the Mississippi dominated the movement of Midwestern bulk exports.¹² By 1990 drastic changes had occurred: Asia had become the primary export market for U.S. grain products. Because exports to Asia are better served by west coast ports, and because barges are limited to hauling grain to ports located on navigable rivers, the rail industry now dominates domestic transport of agricultural goods. In sum, the overall use of waterway transport is decreasing, as is the value of the commodities that continue to use the water mode of transport. Why invest additional dollars to expand infrastructure on a waterway system that is becoming obsolete and cost-inefficient?

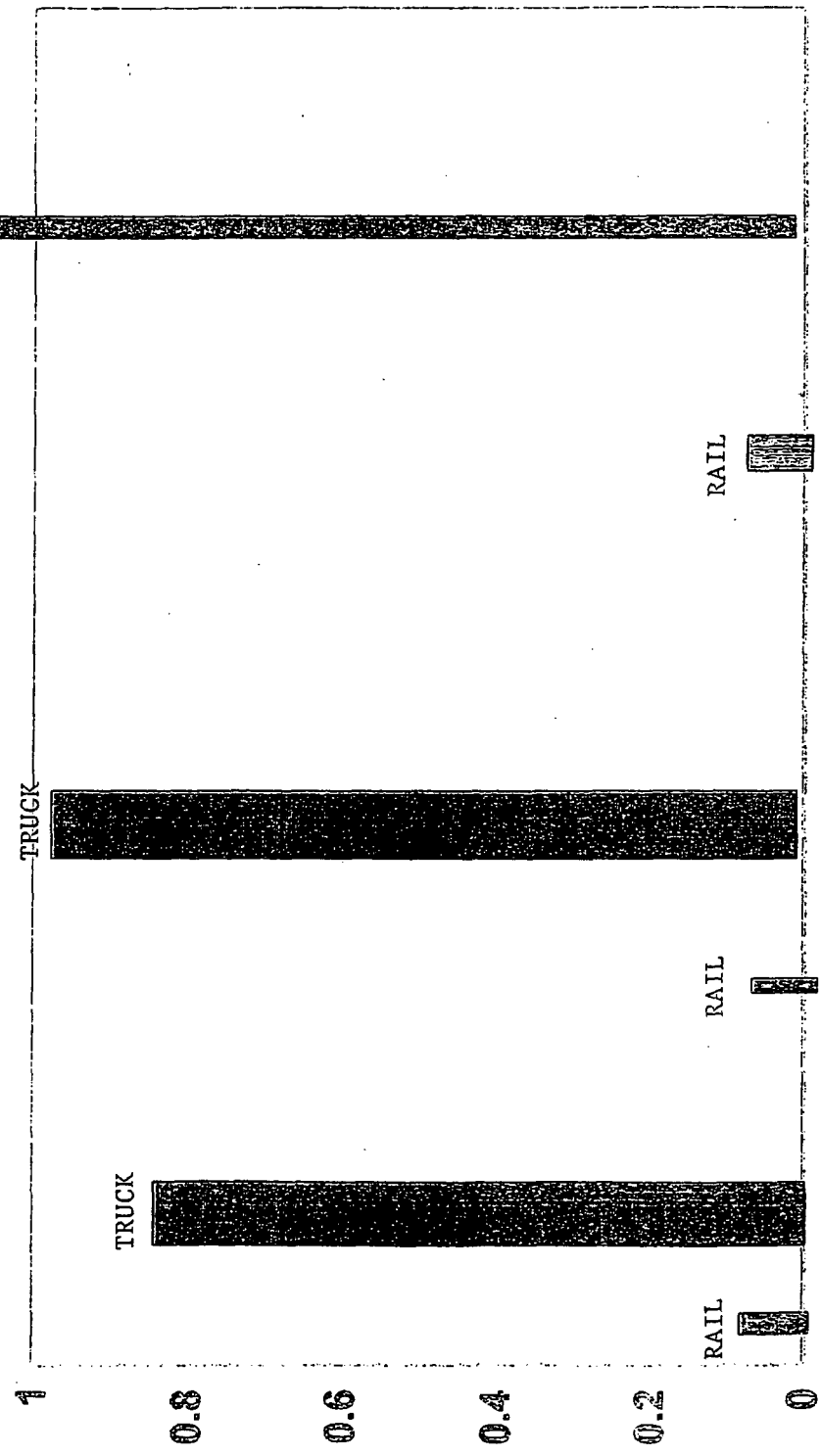
Conclusion

The barge industry is already the most subsidized form of transport in the United States. Their fuel taxes cover only 10% of the annual \$647 million that the U.S. Army Corps of Engineers spends building, operating and maintaining locks, dams and navigation channels. The rest is paid by taxpayer dollars. In contrast, the truck industry pays fuel and user taxes for their use of, and damage to the interstate.¹³ The rail industry receives virtually no federal aid to help curb industry expenditures on railroad infrastructure.¹⁴ Expansion of Upper Mississippi locks and dams will be yet another cost incurred at the taxpayer's expense. Although the available research is indecisive, the data do indicate significant increases in rail efficiency, while barge efficiencies are relatively stagnant. Moreover, changes in the commodity industry over the last twenty years have favored rail transport with growing trends towards an Asian based export market and overall decrease in bulk commodity exports. The expansion of the Upper Mississippi locks and dams is, therefore, neither warranted nor justified.

Labor, Capital and Fuel Efficiency

200 containers moved 400 miles by Rail or truck

CLIPPING FROM THE NEW YORK TIMES, APRIL 14, 1977, PAGE 1. THE ARTICLE DISCUSSES THE EFFICIENCY OF RAIL AND TRUCK TRANSPORTATION IN TERMS OF LABOR, CAPITAL AND FUEL CONSUMPTION. THE CHART ABOVE ILLUSTRATES THE SIGNIFICANT SAVINGS IN THESE AREAS WHEN CONTAINERS ARE MOVED BY RAIL INSTEAD OF TRUCK.



LABOR
 200 drivers \$28,800
 RAIL - 4 operating personnel \$720.00
 Savings \$28,000

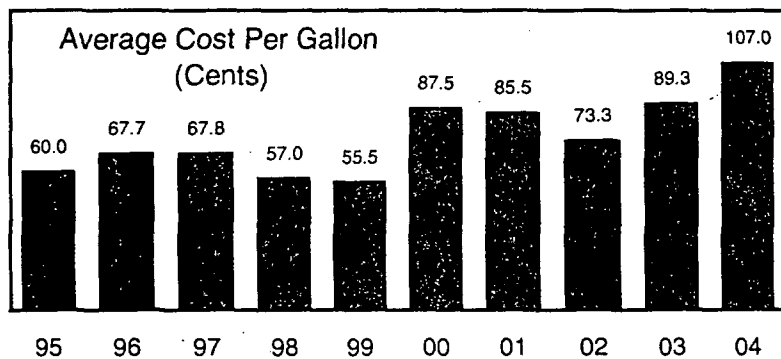
CAPITAL
 200 semi-tractors at 70K each 14 mil.
 2 locomotives at 1.1 mil. each, 2.2 mil.
 Savings 11.8 million

FUEL EFFICIENCY/Environmental Conservation
 Truck - 11,429 gallons
 Rail - 1,320 gallons
 Savings - 10,129 gallons

source

Good Morning America,
 page 76,77

FUEL CONSUMPTION AND COST

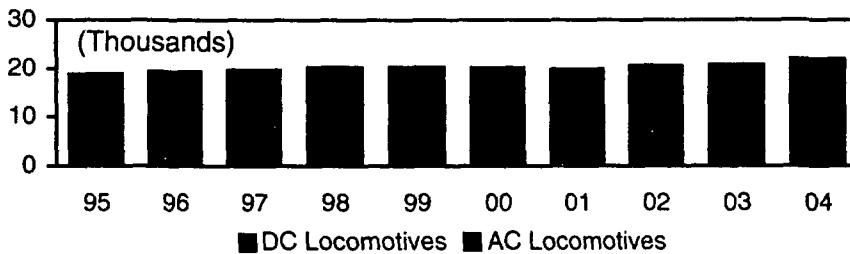


Year	Total Gallons Diesel Fuel Consumed (thousands)	Total Diesel Fuel Expense (\$ millions)	Average Cost Per Gallon (cents)
1955	3,393,103	\$323	9.53 ¢
1960	3,471,780	314	9.03
1965	3,742,370	341	9.10
1970	3,807,663	409	10.73
1975	3,736,484	1,121	30.00
1980	3,955,996	3,269	82.64
1985	3,144,190	2,445	77.76
1990	3,134,446	2,170	69.22
1991	2,925,970	1,968	67.24
1992	3,022,108	1,913	63.29
1993	3,111,981	1,962	63.05
1994	3,355,802	2,009	59.87
1995	3,503,096	2,102	60.01
1996	3,600,649	2,436	67.66
1997	3,602,793	2,443	67.82
1998	3,619,341	2,063	57.00
1999	3,749,428	2,079	55.45
2000	3,720,107	3,254	87.46
2001	3,729,985	3,191	85.54
2002	3,751,413	2,751	73.33
2003	3,849,229	3,436	89.25
2004	4,082,236	4,367	106.98

LOCOMOTIVES IN SERVICE

Year	Total	Diesel Electric Units	Steam	Electric Units
1929	57,559	22	56,936	601
1939	42,470	510	41,117	843
1944	43,593	3,049	39,681	863
1947	41,701	5,772	35,108	821
1955	31,395	24,786	5,982	627
1960	29,031	28,278	261	492
1965	27,780	27,389	29	362
1970	27,077	26,796	13	268
1975	27,846	27,667	12	167
1980	28,094	28,003	12	79
1985	22,548	22,548	0	0
1990	18,835	18,835	0	0
1991	18,344	18,344	0	0
1992	18,004	18,004	0	0
1993	18,161	18,161	0	0
1994	18,505	18,496	0	0
1995	18,812	18,810	0	0
1996	19,269	19,267	0	0
1997	19,684	19,682	0	0
1998	20,261	20,259	0	0
1999	20,256	20,254	0	0
2000	20,028	20,026	0	0
2001	19,745	19,743	0	0
2002	20,506	20,503	0	0
2003	20,774	20,772	0	0
2004	22,015	22,013	0	0

Notes: Total includes LNG powered locomotives that are not included in any other column. Diesel Electric for 2004 includes 4,139 AC traction locomotives.



Examples of Some "Capital" Fixes and how much they cost per locomotive

Capital Fixes to reduce fuel consumption and idling times in cold weather climates do not come cheap, and, have limited application to locations where there is ample electrical service for 220 or 440 volt service, which excludes a lot of outlying point tie up points for thousands of units per day, and, other points where an ROI does not exist to do this.

Exhibit E discusses installation of "hotstart" units on locomotives, which are plugged in and allow water, fuel, and crankcase lubricants to be accomplished through heating coils and pumps. While they can save a lot of fuel, the capital cost per unit is very high and the electrical power, about \$1.00 per hour to provide energy to them.

Exhibit F shows the cost of installation of one 220 to 440v outlets to provide such power for Hot start engines.

Interest Vision
Amortization Schedule

Loan or Annuity Variables:

Start Date:	Aug 1, 2006	End Date:	Aug 1, 2016
Start Payment:	Aug 1, 2006	No. of Payments:	120
Start Interest:	Aug 1, 2006	Interest Rate:	8.750%
Payment Freq.:	Monthly	Initial Principal:	\$850000.00
Compound Freq.:	Monthly	Payment Amount:	\$10653.31
Days in Mo./Yr.:	Actual No.	Balloon:	\$0.00
Payment Mode:	In Arrears	Amortization Method:	Simple Int.

No.	Date	Payment Amount	Interest Amount	Interest Rate/Yr.	Principal	Balance
	Aug 1, 2006	0.00	0.00	0.000	0.00	850000.00
1	Sep 1, 2006	10653.31	6316.78	8.750	4336.53	845663.47
2	Oct 1, 2006	10653.31	6081.83	8.750	4571.48	841091.99
3	Nov 1, 2006	10653.31	6250.58	8.750	4402.73	836689.27
4	Dec 1, 2006	10653.31	6017.29	8.750	4636.02	832053.25
5	Jan 1, 2007	10653.31	6183.41	8.750	4469.90	827583.35
6	Feb 1, 2007	10653.31	6150.19	8.750	4503.12	823080.24
7	Mar 1, 2007	10653.31	5524.79	8.750	5128.52	817951.71
8	Apr 1, 2007	10653.31	6078.61	8.750	4574.69	813377.02
9	May 1, 2007	10653.31	5849.63	8.750	4803.68	808573.34
10	Jun 1, 2007	10653.31	6008.92	8.750	4644.39	803928.96
11	Jul 1, 2007	10653.31	5781.68	8.750	4871.63	799057.33
12	Aug 1, 2007	10653.31	5938.20	8.750	4715.11	794342.22
13	Sep 1, 2007	10653.31	5903.16	8.750	4750.15	789592.08
14	Oct 1, 2007	10653.31	5678.57	8.750	4974.73	784617.34
15	Nov 1, 2007	10653.31	5830.89	8.750	4822.42	779794.93
16	Dec 1, 2007	10653.31	5608.11	8.750	5045.19	774749.73
17	Jan 1, 2008	10653.31	5741.83	8.750	4911.48	769838.25
18	Feb 1, 2008	10653.31	5705.43	8.750	4947.88	764890.37
19	Mar 1, 2008	10653.31	5303.03	8.750	5350.28	759540.10
20	Apr 1, 2008	10653.31	5629.11	8.750	5024.20	754515.90
21	May 1, 2008	10653.31	5411.49	8.750	5241.82	749274.08
22	Jun 1, 2008	10653.31	5553.02	8.750	5100.23	744173.79
23	Jul 1, 2008	10653.31	5337.31	8.750	5315.99	738857.80
24	Aug 1, 2008	10653.31	5475.82	8.750	5177.48	733680.32
25	Sep 1, 2008	10653.31	5437.45	8.750	5215.85	728464.46
26	Oct 1, 2008	10653.31	5224.64	8.750	5428.66	723035.80
27	Nov 1, 2008	10653.31	5358.56	8.750	5294.74	717741.06
28	Dec 1, 2008	10653.31	5147.73	8.750	5505.57	712235.48
29	Jan 1, 2009	10653.31	5292.98	8.750	5360.32	706875.16
30	Feb 1, 2009	10653.31	5253.15	8.750	5400.16	701475.00
31	Mar 1, 2009	10653.31	4708.53	8.750	5944.78	695530.22

No.	Date	Payment Amount	Interest Amount	Interest Rate/Yr.	Principal	Balance
81	May 1, 2013	10653.31	2649.57	8.750	8003.74	360412.83
82	Jun 1, 2013	10653.31	2678.41	8.750	7974.90	352437.93
83	Jul 1, 2013	10653.31	2534.66	8.750	8118.65	344319.28
84	Aug 1, 2013	10653.31	2558.81	8.750	8094.50	336224.79
85	Sep 1, 2013	10653.31	2498.66	8.750	8154.65	328070.14
86	Oct 1, 2013	10653.31	2359.41	8.750	8293.90	319776.24
87	Nov 1, 2013	10653.31	2376.42	8.750	8276.89	311499.35
88	Dec 1, 2013	10653.31	2240.24	8.750	8413.07	303086.28
89	Jan 1, 2014	10653.31	2252.39	8.750	8400.92	294685.36
90	Feb 1, 2014	10653.31	2189.96	8.750	8463.35	286222.01
91	Mar 1, 2014	10653.31	1921.22	8.750	8732.09	277489.92
92	Apr 1, 2014	10653.31	2062.17	8.750	8591.14	268898.78
93	May 1, 2014	10653.31	1933.86	8.750	8719.45	260179.34
94	Jun 1, 2014	10653.31	1933.52	8.750	8719.78	251459.55
95	Jul 1, 2014	10653.31	1808.44	8.750	8844.86	242614.69
96	Aug 1, 2014	10653.31	1802.99	8.750	8850.31	233764.38
97	Sep 1, 2014	10653.31	1737.22	8.750	8916.08	224848.29
98	Oct 1, 2014	10653.31	1617.06	8.750	9036.25	215812.04
99	Nov 1, 2014	10653.31	1603.81	8.750	9049.50	206762.55
100	Dec 1, 2014	10653.31	1486.99	8.750	9166.32	197596.23
101	Jan 1, 2015	10653.31	1468.44	8.750	9184.87	188411.36
102	Feb 1, 2015	10653.31	1400.18	8.750	9253.13	179158.24
103	Mar 1, 2015	10653.31	1202.57	8.750	9450.74	169707.50
104	Apr 1, 2015	10653.31	1261.18	8.750	9392.12	160315.37
105	May 1, 2015	10653.31	1152.95	8.750	9500.35	150815.02
106	Jun 1, 2015	10653.31	1120.78	8.750	9532.52	141282.50
107	Jul 1, 2015	10653.31	1016.07	8.750	9637.23	131645.26
108	Aug 1, 2015	10653.31	978.32	8.750	9674.98	121970.28
109	Sep 1, 2015	10653.31	906.42	8.750	9746.88	112223.39
110	Oct 1, 2015	10653.31	807.09	8.750	9846.22	102377.17
111	Nov 1, 2015	10653.31	760.82	8.750	9892.49	92484.68
112	Dec 1, 2015	10653.31	665.13	8.750	9988.18	82496.51
113	Jan 1, 2016	10653.31	611.40	8.750	10041.91	72454.60
114	Feb 1, 2016	10653.31	536.98	8.750	10116.33	62338.27
115	Mar 1, 2016	10653.31	432.19	8.750	10221.11	52117.16
116	Apr 1, 2016	10653.31	386.25	8.750	10267.06	41850.10
117	May 1, 2016	10653.31	300.15	8.750	10353.15	31496.95
118	Jun 1, 2016	10653.31	233.43	8.750	10419.88	21077.07
119	Jul 1, 2016	10653.31	151.17	8.750	10502.14	10574.93
120	Aug 1, 2016	10653.31	78.37	8.750	10574.93	0.00

Interest Vision

Amortization Schedule

Loan or Annuity Variables:

Start Date:	Aug 1, 2006	End Date:	Aug 1, 2016
Start Payment:	Aug 1, 2006	No. of Payments:	120
Start Interest:	Aug 1, 2006	Interest Rate:	8.750%
Payment Freq.:	Monthly	Initial Principal:	\$100000.00
Compound Freq.:	Monthly	Payment Amount:	\$1253.33
Days in Mo./Yr.:	Actual No.	Balloon:	\$0.00
Payment Mode:	In Arrears	Amortization Method:	Simple Int.

No.	Date	Payment Amount	Interest Amount	Interest Rate/Yr.	Principal	Balance
	Aug 1, 2006	0.00	0.00	0.000	0.00	100000.00
1	Sep 1, 2006	1253.33	743.15	8.750	510.18	99489.82
2	Oct 1, 2006	1253.33	715.51	8.750	537.82	98952.00
3	Nov 1, 2006	1253.33	735.36	8.750	517.97	98434.03
4	Dec 1, 2006	1253.33	707.92	8.750	545.41	97888.62
5	Jan 1, 2007	1253.33	727.46	8.750	525.87	97362.75
6	Feb 1, 2007	1253.33	723.55	8.750	529.78	96832.97
7	Mar 1, 2007	1253.33	649.97	8.750	603.36	96229.61
8	Apr 1, 2007	1253.33	715.13	8.750	538.20	95691.41
9	May 1, 2007	1253.33	688.19	8.750	565.14	95126.28
10	Jun 1, 2007	1253.33	706.93	8.750	546.40	94579.88
11	Jul 1, 2007	1253.33	680.20	8.750	573.13	94006.74
12	Aug 1, 2007	1253.33	698.61	8.750	554.72	93452.03
13	Sep 1, 2007	1253.33	694.49	8.750	558.84	92893.19
14	Oct 1, 2007	1253.33	668.07	8.750	585.26	92307.92
15	Nov 1, 2007	1253.33	685.99	8.750	567.34	91740.58
16	Dec 1, 2007	1253.33	659.78	8.750	593.55	91147.03
17	Jan 1, 2008	1253.33	675.51	8.750	577.82	90569.21
18	Feb 1, 2008	1253.33	671.23	8.750	582.10	89987.10
19	Mar 1, 2008	1253.33	623.89	8.750	629.44	89357.66
20	Apr 1, 2008	1253.33	662.25	8.750	591.08	88766.58
21	May 1, 2008	1253.33	636.65	8.750	616.68	88149.89
22	Jun 1, 2008	1253.33	653.30	8.750	600.03	87549.86
23	Jul 1, 2008	1253.33	627.92	8.750	625.41	86924.45
24	Aug 1, 2008	1253.33	644.21	8.750	609.12	86315.33
25	Sep 1, 2008	1253.33	639.70	8.750	613.63	85701.70
26	Oct 1, 2008	1253.33	614.66	8.750	638.67	85063.04
27	Nov 1, 2008	1253.33	630.42	8.750	622.91	84440.12
28	Dec 1, 2008	1253.33	605.62	8.750	647.71	83792.41
29	Jan 1, 2009	1253.33	622.70	8.750	630.63	83161.78
30	Feb 1, 2009	1253.33	618.02	8.750	635.31	82526.47
31	Mar 1, 2009	1253.33	553.94	8.750	699.39	81827.09

No.	Date	Payment Amount	Interest Amount	Interest Rate/Yr.	Principal	Balance
81	May 1, 2013	1253.33	311.71	8.750	941.62	42401.51
82	Jun 1, 2013	1253.33	315.11	8.750	938.22	41463.29
83	Jul 1, 2013	1253.33	298.19	8.750	955.14	40508.15
84	Aug 1, 2013	1253.33	301.04	8.750	952.29	39555.86
85	Sep 1, 2013	1253.33	293.96	8.750	959.37	38596.49
86	Oct 1, 2013	1253.33	277.58	8.750	975.75	37620.73
87	Nov 1, 2013	1253.33	279.58	8.750	973.75	36646.98
88	Dec 1, 2013	1253.33	263.56	8.750	989.77	35657.21
89	Jan 1, 2014	1253.33	264.99	8.750	988.34	34668.87
90	Feb 1, 2014	1253.33	257.64	8.750	995.69	33673.18
91	Mar 1, 2014	1253.33	226.03	8.750	1027.30	32645.87
92	Apr 1, 2014	1253.33	242.61	8.750	1010.72	31635.15
93	May 1, 2014	1253.33	227.51	8.750	1025.82	30609.33
94	Jun 1, 2014	1253.33	227.47	8.750	1025.86	29583.48
95	Jul 1, 2014	1253.33	212.76	8.750	1040.57	28542.90
96	Aug 1, 2014	1253.33	212.12	8.750	1041.21	27501.69
97	Sep 1, 2014	1253.33	204.38	8.750	1048.95	26452.74
98	Oct 1, 2014	1253.33	190.24	8.750	1063.09	25389.65
99	Nov 1, 2014	1253.33	188.68	8.750	1064.65	24325.01
100	Dec 1, 2014	1253.33	174.94	8.750	1078.39	23246.62
101	Jan 1, 2015	1253.33	172.76	8.750	1080.57	22166.04
102	Feb 1, 2015	1253.33	164.73	8.750	1088.60	21077.44
103	Mar 1, 2015	1253.33	141.48	8.750	1111.85	19965.59
104	Apr 1, 2015	1253.33	148.37	8.750	1104.96	18860.63
105	May 1, 2015	1253.33	135.64	8.750	1117.69	17742.94
106	Jun 1, 2015	1253.33	131.86	8.750	1121.47	16621.47
107	Jul 1, 2015	1253.33	119.54	8.750	1133.79	15487.68
108	Aug 1, 2015	1253.33	115.10	8.750	1138.23	14349.44
109	Sep 1, 2015	1253.33	106.64	8.750	1146.69	13202.75
110	Oct 1, 2015	1253.33	94.95	8.750	1158.38	12044.37
111	Nov 1, 2015	1253.33	89.51	8.750	1163.82	10880.55
112	Dec 1, 2015	1253.33	78.25	8.750	1175.08	9705.47
113	Jan 1, 2016	1253.33	71.93	8.750	1181.40	8524.07
114	Feb 1, 2016	1253.33	63.17	8.750	1190.16	7333.91
115	Mar 1, 2016	1253.33	50.85	8.750	1202.48	6131.43
116	Apr 1, 2016	1253.33	45.44	8.750	1207.89	4923.54
117	May 1, 2016	1253.33	35.31	8.750	1218.02	3705.52
118	Jun 1, 2016	1253.33	27.46	8.750	1225.87	2479.66
119	Jul 1, 2016	1253.33	17.78	8.750	1235.55	1244.11
120	Aug 1, 2016	1253.33	9.22	8.750	1244.11	0.00



And, there is this application, on the Minnesota Commercial, where the railroad's own shops have undertaken a "Mother - slug" program to cut fuel consumption and emissions from a two unit, 4000 hp. Diesel, in half, by modifying and increasing the electrical capacity on the mother unit (in this case, the 313) which in turn provides electrical power to not only the electric traction motors on the "mother", but, also to the Slug, behind, which has been rebuilt from a frame of a diesel - electric locomotive..

A mother slug unit provides twice the horsepower, normally, of one locomotive, but saves the fuel, the emissions, and, costs of a fuel second locomotive. Sadly, there are no tax incentives for railroads to build these kinds of units and they have limited applications on larger railroads.

But, this is an example of where a lot of "capital" goes to save fuel and must be recovered. A directly related surcharge that would apply to fuel consumed for a particular movement would not be recoverable, and, in fact, counter productive, while clearly, our nation's best interest in energy and fuel conservation are in more and more of this kind of innovation.

Loan Amortization Schedule

Loan Amortized at 8 3/4%

Date	Payment Number	Payment Amount	Principal	Interest	Principal Balance
7/1/11	59	3,885.13	2,476.17	1,408.96	190,752.46
8/1/11	60	3,885.13	2,494.23	1,390.90	188,258.23
9/1/11	61	3,885.13	2,512.41	1,372.72	185,745.82
10/1/11	62	3,885.13	2,530.73	1,354.40	183,215.09
11/1/11	63	3,885.13	2,549.19	1,335.94	180,665.90
12/1/11	64	3,885.13	2,567.77	1,317.36	178,098.13
1/1/12	65	3,885.13	2,586.50	1,298.63	175,511.63
2/1/12	66	3,885.13	2,605.36	1,279.77	172,906.27
3/1/12	67	3,885.13	2,624.36	1,260.77	170,281.91
4/1/12	68	3,885.13	2,643.49	1,241.64	167,638.42
5/1/12	69	3,885.13	2,662.77	1,222.36	164,975.65
6/1/12	70	3,885.13	2,682.18	1,202.95	162,293.47
7/1/12	71	3,885.13	2,701.74	1,183.39	159,591.73
8/1/12	72	3,885.13	2,721.44	1,163.69	156,870.29
9/1/12	73	3,885.13	2,741.28	1,143.85	154,129.01
10/1/12	74	3,885.13	2,761.27	1,123.86	151,367.74
11/1/12	75	3,885.13	2,781.41	1,103.72	148,586.33
12/1/12	76	3,885.13	2,801.69	1,083.44	145,784.64
1/1/13	77	3,885.13	2,822.12	1,063.01	142,962.52
2/1/13	78	3,885.13	2,842.69	1,042.44	140,119.83
3/1/13	79	3,885.13	2,863.42	1,021.71	137,256.41
4/1/13	80	3,885.13	2,884.30	1,000.83	134,372.11
5/1/13	81	3,885.13	2,905.33	979.80	131,466.78
6/1/13	82	3,885.13	2,926.52	958.61	128,540.26
7/1/13	83	3,885.13	2,947.86	937.27	125,592.40
8/1/13	84	3,885.13	2,969.35	915.78	122,623.05
9/1/13	85	3,885.13	2,991.00	894.13	119,632.05
10/1/13	86	3,885.13	3,012.81	872.32	116,619.24
11/1/13	87	3,885.13	3,034.78	850.35	113,584.46
12/1/13	88	3,885.13	3,056.91	828.22	110,527.55
1/1/14	89	3,885.13	3,079.20	805.93	107,448.35
2/1/14	90	3,885.13	3,101.65	783.48	104,346.70
3/1/14	91	3,885.13	3,124.27	760.86	101,222.43
4/1/14	92	3,885.13	3,147.05	738.08	98,075.38
5/1/14	93	3,885.13	3,170.00	715.13	94,905.38
6/1/14	94	3,885.13	3,193.11	692.02	91,712.27
7/1/14	95	3,885.13	3,216.39	668.74	88,495.88
8/1/14	96	3,885.13	3,239.85	645.28	85,256.03
9/1/14	97	3,885.13	3,263.47	621.66	81,992.56
10/1/14	98	3,885.13	3,287.27	597.86	78,705.29
11/1/14	99	3,885.13	3,311.24	573.89	75,394.05
12/1/14	100	3,885.13	3,335.38	549.75	72,058.67
1/1/15	101	3,885.13	3,359.70	525.43	68,698.97
2/1/15	102	3,885.13	3,384.20	500.93	65,314.77
3/1/15	103	3,885.13	3,408.88	476.25	61,905.89
4/1/15	104	3,885.13	3,433.73	451.40	58,472.16
5/1/15	105	3,885.13	3,458.77	426.36	55,013.39
6/1/15	106	3,885.13	3,483.99	401.14	51,529.40
7/1/15	107	3,885.13	3,509.39	375.74	48,020.01
8/1/15	108	3,885.13	3,534.98	350.15	44,485.03
9/1/15	109	3,885.13	3,560.76	324.37	40,924.27
10/1/15	110	3,885.13	3,586.72	298.41	37,337.55
11/1/15	111	3,885.13	3,612.88	272.25	33,724.67
12/1/15	112	3,885.13	3,639.22	245.91	30,085.45
1/1/16	113	3,885.13	3,665.76	219.37	26,419.69
2/1/16	114	3,885.13	3,692.49	192.64	22,727.20
3/1/16	115	3,885.13	3,719.41	165.72	19,007.79
4/1/16	116	3,885.13	3,746.53	138.60	15,261.26
5/1/16	117	3,885.13	3,773.85	111.28	11,487.41
6/1/16	118	3,885.13	3,801.37	83.76	7,686.04

Exhibit H

Trucks Consume by far more fuel than any other mode of transport,

In the summer of 2006, diesel fuel has shown the worst price volatility in history, and, trends indicate that truckers, who pay the road taxes, could be facing \$3.50 a gallon diesel fuel soon.

The attached articles from Transport Topics and other timely periodicals also note that the new 2007 EPA compliant trucks will be getting at least 5% less fuel efficiency, that there may not be any #1 diesel to blend in winter months to prevent fuel gelling and proper burn in truck engines.

#1 Diesel is also used by railroads in colder climates to blend with #2 diesel for the same purpose. Additives to put in diesel fuel, which is going to be a new low sulphur blend as of October 1, 2006, to meet other EPA regulations, will also produce about 5% less in terms of miles per gallon, which is going to further increase truck and railroad diesel fuel as well as jet fuel for airlines.

Articles following the chart discuss all these variables and huge volatility. Finally, behind those articles, are examples of several fuel charges (surcharges over base truck rates) charged in August of 2006.

For example, ABF has posted a truck load fuel surcharge (under TL column) of 41.4% of the base rate, another national index shows a fuel surcharge right now at current fuel levels of just over \$3.03 per gallon at 12% of base rates, but, overall, in the industry, the fuel surcharge, either on a per mile per gallon basis or percentage basis, is about 24%.

The last part of this exhibit is Minnesota Commercial Railway's Commercial Transload of Minnesota trucklines tariff, showing, for example, our current fuel surcharge at 36.8 cents per mile in addition to the average mileage rates we charge in the \$1.05 per mile category. The shorter the hauling distance, the higher fuel surcharges usually must be due to the fact that fuel efficiency increases in trucks, as in autos, and locomotives, as well, on longer hauls at sustained higher speeds with less stop and start. CTM's fuel surcharge is representative of many in the midwest who do shorter hauls and right now is about 34% of the rate. Without these adjustments, CTM would not be profitable. Customers generally gladly pay these JUST TO Get trucks. Trucklines who cannot collect such surcharges are going out of business, left and right..

These surcharge levels are far higher than any in the rail industry, and, yet, shippers pay them as a cost of doing business because they realize everyone has to make money and also, earn their cost of capital to replenish equipment. A new tandem axle sleeper cab today runs at least \$120,000, and, a two or three year old one, with half a million miles on it, about less (by a small amount) than half this cost.

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Updated on 8/9/2006 - 9:30:00 AM EST

DOE Boosts Price Projections for Diesel, Gas, Crude

Outlook Is Lower Than Current Prices

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Summer 2006 retail diesel fuel prices are expected to average \$2.91 per gallon, 50 cents higher than last year's average of \$2.41 per gallon, the Department of Energy said Tuesday.

The forecast — part of the monthly short-term energy outlook issued by DOE's Energy Information Administration — also said that regular gasoline would average \$2.92 this summer, 55 cents over last year's average.



Gasoline was projected to average \$2.72 per for the full year and \$2.67 next year.

On Monday, DOE's latest weekly survey showed the national average for diesel at \$3.055 and for gasoline at \$3.038.

The all-time records, set following last summer's hurricanes, were \$3.069 for gasoline on Sept. 5 and \$3.157 for diesel on Oct. 24.

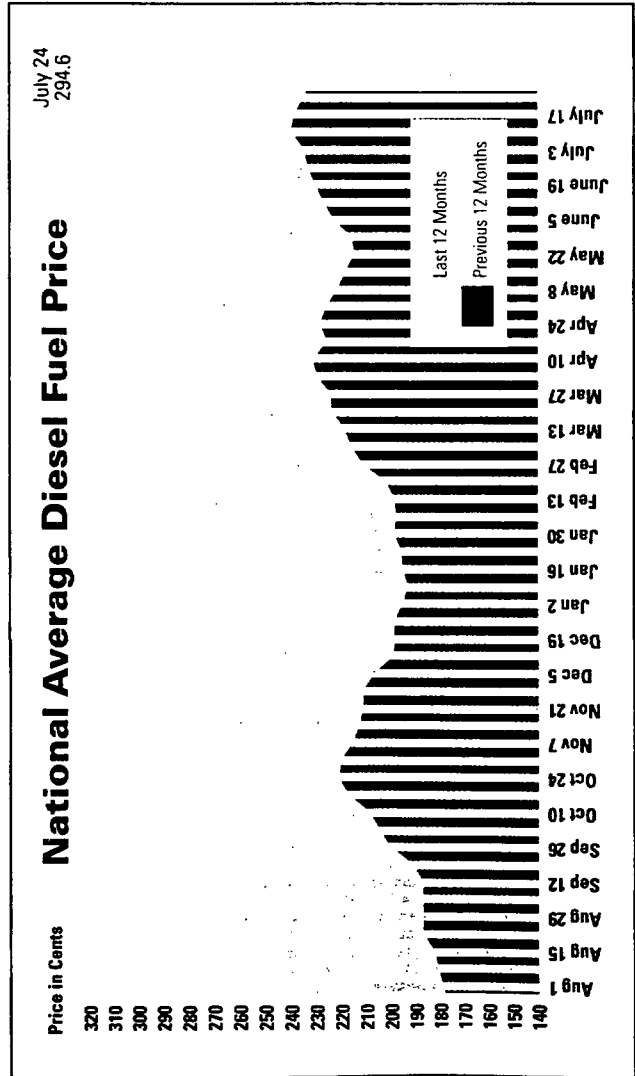
For 2006 and 2007, crude oil spot prices are projected to average about \$70 a barrel, which is lower than the current price in the low to mid-\$70s.

DOE's previous projected crude oil price for this year and next was \$69 a barrel.

By Transport Topics

Fuel Prices

for the week of July 24, 2006



	Latest Week	Prior Week	2 Weeks Ago	3 Weeks Ago	Prior Year
DOE National Average (July 24)	294.6	292.6	291.8	289.8	234.2
Other National Averages					
Bloomberg Wholesale (July 24)	246.8	247.1	239.5	241.5	169.9
Comdata (July 17 - 21)	289.4	286.9	286.8	283.1	232.9
T-Chek Self-Serve (July 17 - 21)	294.0	290.9	291.4	287.2	235.1
T-Chek Wholesale (July 17 - 21)	235.2	228.5	233.5	227.2	166.7
DOE Regional Averages (July 24)					
PADD 1 East Coast	292.5	290.6	288.7	287.4	236.5
— New England	297.2	297.0	294.7	294.8	250.8
— Central Atlantic	300.2	299.2	296.3	295.1	248.1
— Lower Atlantic	288.8	286.4	284.9	283.4	230.3
PADD 2 Midwest	295.1	292.7	291.9	288.7	229.2
PADD 3 Gulf Coast	289.5	286.8	286.6	284.5	227.8
PADD 4 Rocky Mountains	298.7	296.0	296.6	295.8	240.5
PADD 5 West Coast	304.7	305.1	306.0	305.6	253.0
— California	309.7	309.7	311.3	311.9	257.8

Average prices for Comdata, formerly NTS Inc., are primarily from self-service stations, but also include some full- and mini-service operations. The seven-day average is based on Comdata cash-card transactions from more than 3,200 truck stops throughout the United States and Canada. All taxes are included.

T-Chek prices are Monday-through-Friday averages. The retail price is based on self-service purchases at more than 4,500 truck stops. All taxes are included.

The T-Chek wholesale price is based on terminals and suppliers from 308 cities throughout the United States.

The Bloomberg News wholesale price is an average of 163 U.S. low-sulfur diesel rack prices. DOE's regional averages are drawn from its national survey of 350 diesel service centers. PADD stands for Petroleum Administration for Defense District. Effective May 26, 1997, PADD 1 was divided into three subdistricts and the California subdistrict was created from PADD 5. PADD 1 comprises the New England Subdistrict Conn., Maine, Mass., N.H., R.I. and Vt.; the Central Atlantic Subdistrict Del., D.C., Md., N.J., N.Y. and Pa.; and the Lower Atlantic Subdistrict Fla., Ga., S.C., Va. and W.Va.

PADD 2 is Ill., Ind., Iowa, Kan., Ky., Mich., Minn., Mo., Neb., N.D., Ohio, Okla., S.D., Tenn. and Wis.

PADD 3 is Ala., Ark., La., Miss., N.M. and

Fuel Price Rises 2 Cents

(Continued from p. 1)

Diesel has increased 7.9 cents over the past four weeks and is 60.4 cents higher than a year earlier, although still well below the record \$3.157 a gallon set in October.

Trucking burns an estimated 700 million gallons of diesel a week, so the more than 60 cents in additional cost translates into another \$421.4 million the nation's fleets spent on the fuel last week versus the same period last year.

DOE also said the 1.4-cent increase in the average gasoline price pushed it to \$3.003 a gallon, 71.4 cents a gallon higher than in 2005. The price has risen 13.4 cents the past four weeks, and is now just 6.6 cents below the high of \$3.069 set in September.

The rising prices have fleets looking at ways to soften the blow from growing fuel bills.

"We're trying to improve our purchasing habits," Arvis Harris, president of truckload carrier Rosedale Transport of Dalton, Ga., told TT.

"We make sure we're buying fuel in the right states, net of taxes. We're getting with our vendors and trying to make as many purchases with one vendor to get a better discount."

Harris said the company was also working with drivers to reduce driving speeds and purchasing aerodynamic equipment to reduce fuel consumption.

"We've gone from 5.7 [miles per gallon] to 6," he said. "That's about 5%, and our fuel bill is running about \$12 million a year, so 5% is a significant amount."

Harris said he also was looking at ways to reduce his fleet's idling time, which is "a major" source of fuel consumption.

"My average idle time is up around

40%," he said. "If I could take that down to 20%, it could save me a ton of money."

Rather than looking at technology, Bruce Shelton said his company, A&B Freight Lines of Rockford, Ill., has been looking at how it routes its trucks.

"We really revamped our dispatch and have tried to run more efficient routes," said Shelton, manager of marketing and traffic for A&B, a small, 60-truck regional less-than-truckload carrier.

That revamping, he said, resulted in fewer empty miles and less backtracking by its drivers.

In addition, Shelton said A&B purchases its fuel in bulk from a single supplier.

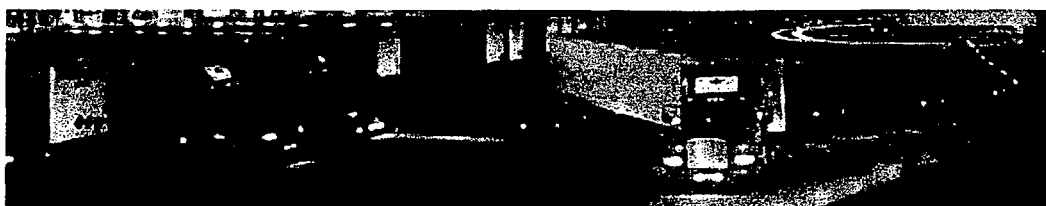
Shelton said the company's last purchase of 7,000 gallons of fuel with biodiesel blended in cost \$2.90 a gallon, but less than a week before, the price was \$2.83. Earlier in the month, he said, fuel was running at about \$2.87.

"It's like a roller coaster," Shelton said.

The up-and-down trend was not limited just to diesel, as Burdette described crude prices as "bouncing up and down."

On the New York Mercantile Exchange, crude oil prices closed at \$73.94 a barrel July 26, up 86 cents from the closing price of \$73.08 on July 20. However, in that week, prices had closed as high as \$75.05 a barrel.

Tom Kloza, an analyst for OPI, said that barring any major hurricane strikes or a widening of the conflict in the Middle East, diesel prices should be in the neighborhood of \$3.05 to \$3.25 a gallon for the coming months. He added that the "most drastic increases will come in the mid-continent states."



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ATA Membership

National Fuel Price Crisis Watch

The American Trucking Associations is deeply concerned about the impact of diesel price increases on the motor carrier industry and on our national economy. In the face of continuing and dramatic increases in fuel prices, ATA is working to find solutions to this national crisis by ensuring that trucking – the backbone of the American economy – does not break. We need to hear, first hand, from you about the fuel problems you are facing and how you are coping with the impact of rising fuel costs on your business. We know that high fuel prices are affecting you and we want Congress to understand it as well. **Your story is important.**

By putting a face on this problem, ATA can better address the issue and work toward a solution. By presenting your story to Congress and the media, they can begin to see how trucking operations are reacting and what they might expect to see from the industry moving forward. Help us take action and put a face on the national fuel price crisis. **E-mail your company's story to ATA's National Fuel Price Crisis Watch at fuelcrisis@trucking.org.**

Regional and National Fuel Price Averages

East Coast	New England	Central Atlantic	Lower Atlantic	Midwest	Gulf Coast	Rocky Mts.	West Coast	Calif.	National
2.958	2.991	3.030	2.924	2.988	2.925	3.052	3.066	3.093	2.980

ATA COMMUNICATIONS

Trucking Marks Another Step in Environmental Improvements
May 30, 2006

News Release: Trucking Industry Fuel Bill Approaches \$100 Billion

ATA Revises Diesel Fuel Costs For 2006
Apr. 25, 2006

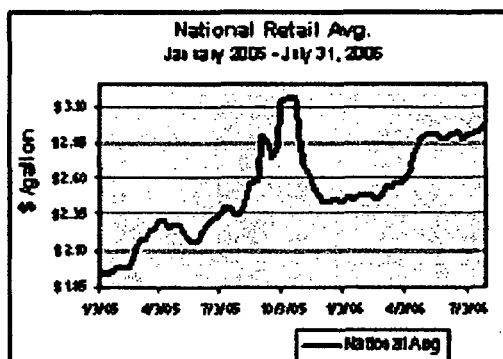
ATA Hosts News Briefing on Changing Diesel Fuel Market
Apr. 25, 2006

ATA Disappointed Over Senate Decision to Back Arctic Drilling Filibuster
Dec. 21, 2005

ATA Revises Diesel Fuel Costs Estimates for 2004 and 2005
Dec. 15, 2005

ACTION

- ATA Requests that EIA Publish Fuel Prices on a Biweekly Basis
- Email your fuel concerns to ATA.





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Based upon the current U.S. National Average Diesel Fuel Index, ABF's fuel now applicable. **The current ABF LTL fuel surcharge is 20.7%.**

The level of the fuel surcharge is adjusted on Wednesday based upon the U Average Diesel Fuel Index of the prior Monday. This index, published by the Information Administration of the U.S. Department of Energy, is available b at 202-586-6966 and on their [Internet site](#).

The fuel surcharge will be shown as a separate entry on our freight bill and applied to all line-haul charges, with applicable discounts, but not to special charges. The fuel surcharge calculation is supported in ABF's [Q-Rate person rating application](#).

For further explanation, see the [ABF Rules and Special Service Charges Gui](#)

Fuel Surcharge History

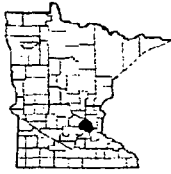
From	To	LTL	TL
08/02/2006	-	20.7%	41.4%
07/26/2006	08/01/2006	20.3%	40.6%
07/19/2006	07/25/2006	20.1%	40.2%
07/12/2006	07/18/2006	20.0%	40.0%
07/05/2006	07/11/2006	19.8%	39.6%
06/28/2006	07/04/2006	19.5%	39.0%
06/14/2006	06/27/2006	20.0%	40.0%
06/07/2006	06/13/2006	19.8%	39.6%
05/24/2006	06/06/2006	19.7%	39.4%
05/17/2006	05/23/2006	20.1%	40.2%
05/03/2006	05/16/2006	19.8%	39.6%
04/26/2006	05/02/2006	19.6%	39.2%

***Fuel Surcharge Level Index**

Price (per Gallon)	Surcharge	
	LTL	TL
\$0.90	-1.0%	-2.0%
\$0.91	-0.9%	-1.8%
\$0.92	-0.8%	-1.6%
\$0.93	-0.7%	-1.4%
\$0.94	-0.6%	-1.2%
\$0.95	-0.5%	-1.0%
\$0.96	-0.4%	-0.8%
\$0.97	-0.3%	-0.6%
\$0.98	-0.2%	-0.4%
\$0.99	-0.1%	-0.2%
\$1.00	0.0%	0.0%
\$1.01	0.0%	0.0%

*When diesel fuel prices equal or exceed \$3.25 per gallon, the LTL fuel surcharge will increase 0.1% with every one-cent increment. For example, when the index is at 325 but less than 326, the LTL surcharge will be 23.4% and when the index is at 326 but less than 327, the LTL surcharge will be 23.5%.

When diesel fuel prices equal or exceed \$3.25 per gallon, the TL fuel surcharge will increase 0.2% with every one-cent increment. For example, when the index is at 325 but less than 326, the TL surcharge will be 46.8% and when the index is at 326 but less than 327, the TL surcharge will be 47.0%.



Commercial Transload of Minnesota

Rules, Services and Policies

Effective May 2006

1. Credit Terms and Conditions
 2. Fuel Surcharge Policy
 3. Application of Rates, Rules and Policies
 4. Cancellations of load tenders
 5. Cargo Loss and Damage
 6. Credit Terms and Extension of Credit
 7. Chassis Related Charges
 8. Third Party Billing
 9. Load Diversions
 10. Driver Labor
 11. Driver Standby – Free Time
 12. Tarping Charges
 13. Equipment Availability
 14. Hazardous Materials
 15. Layover Policy
 16. Overweight Equipment
 17. Railroad Specifications
 18. Redelivery
 19. Revisions to Rates, Rules, Policies
 20. Scale Charges
 21. Stop-off Charges
 22. Storage Charges
 23. Trailer clean out
 24. Trailer Detention
 25. Trailer Pools
 26. Trip Permits
 27. Transloading
 28. Weekend or Holiday Movement
-

CTM. Special Rate Quotation

EFFECTIVE DATE: _____

Subject to CTM Rates, Services, Policies Document.

ORIGIN			This exception applies for the customer named below on loads moving for the account of _____.	
ST	City	Zip		
DESTINATION				
ST	City	Zip	Miles	Rate

This exception expires in 30 days if not activated by signatures and tender of freight as described above.

This exception may be cancelled on five days' notice by Commercial Transload of Minnesota

CUSTOMER _____ Carrier CTM.

By: _____ By: _____

Title: _____ Title: _____

Signature _____ Signature _____

3 Application of Rates, Rules and Policies

This document applies to all freight transported by Commercial Transload of Minnesota. All services rendered by CTM are subject to this document EXCEPT where specific transportation agreements/contracts have been signed by both the customer and CTM, those agreements/contracts shall take precedence over this document.

This document provides a form (Special Rate Quotation) for use in requesting/granting exception rates, charges, and policies and is the only method available to obtain an exception rate, service, or policy (other than bi-laterally signed transportation agreements/contracts mentioned above). The Exception Form is effective only when signed by both the customer and CTM.

Any rate information contained in a load tender or other document will be considered as information only and will not govern the rates, rules, and policies of CTM. CTM will invoice the customer based on this document, or previously agreed to special pricing in effect at the time of shipment.

4 Load Cancellations

Upon cancellation of any load tender already processed by carrier, a \$75 charge will be assessed. If equipment has already been dispatched, the full round trip charge shall apply. Additionally, the party ordering the equipment will be responsible for any non-use charge assessed by the railroad, steamship line, or equipment owner.

5 Cargo Loss and Damage – Liability Limitation

Charges specified in this document apply on shipments with a cargo value not to exceed \$100,000. Accordingly, as authorized under Title 49, United States Code, Section 14706(c), as amended from time-to-time, CTM liability to any party for loss or damage of shipments transported at the rates specified in this document shall be limited to \$100,000. For shipments with a value exceeding \$100,000 for which a higher limit of liability is sought, please contact CTM for a rate, rule, and policy exception.

6 Credit Terms and Extension of Credit

All valid charges for services provided by CTM and its affiliates must be paid in full (No offsets or deductions are permitted) within the terms and conditions specified in this document. Payment terms are net 21 days from receipt of invoice.

7 Chassis Related Charges

Chassis Flip—Unless otherwise agreed to in writing, An additional charge of \$100.00 will be assessed for driver delay whenever a driver must wait while a container is flipped.

Mismatched Chassis— Unless otherwise agreed to in writing, an additional charge of \$100.00 will be assessed for returning a mismatched chassis.

14 Hazardous Material

CTM is not authorized and will not haul hazardous material

15 Layover Policy

When shipper cannot complete the loading of the trailer or consignee cannot complete the unloading of a trailer and the power unit must layover and complete the operation the next day, or if present delivery appointments are set whereas our power unit must layover to deliver a stop which could have been delivered the same day as the previous stop, Unless otherwise agreed to in writing, a charge of \$350 will be assessed and will be in addition to all other charges.

16 Overweight Equipment

All equipment must conform to applicable governmental weight restrictions and regulations. Should a citation/penalty be assessed, a charge equal to the ticket and/or civil penalty amount plus a \$15.00 administration fee will be assessed. The shipper will accept all responsibility and will be required to provide a written response ON behalf of CTM to the acceptable government office. In addition, driver waiting time will immediately begin to be assessed. If the driver had to leave the shipper facility to scale the trailer, a mileage charge of \$3.00 per mile, minimum \$50.00 will also apply.

17 Railroad Specifications

The customer is responsible for meeting all railroad specifications for each shipment provided to CTM. If a load is refused at the railroad facility for reasons created by customer, CTM will charge a waiting charge of \$60 per hour or fraction thereof applicable from the time of arrival until shipment is allowed entry.

18 Redelivery

When CTM attempts to make an on-time delivery and the delivery is not accepted, a full round will be charged for the initial, refused delivery attempt, and a full round will be charged for every subsequent delivery attempt when receiver is the cause of subsequent redeliveries.

19 Revisions to Rates, Rules, Policies

This document applies to all freight transported by CTM. All service rendered by CTM. is subject to this document EXCEPT where specific transportation agreements/contracts have been signed by both the customer and CTM, those agreements/contracts shall take precedence over this document.

This document provides a form (Exception Form) for use in requesting/granting exception rates, charges, and policies and is the only method available to obtain an exception rate, service, or policy (other than bi-laterally signed transportation agreements/contracts mentioned above). The Exception Form is effective only when signed by both the customer and CTM.

Any rate information contained in a load tender or other document will be considered as information only and will not govern the rates, rules, and policies of CTM.

25 Trailer Pools

CTM will establish trailer pools based on mutual, written agreement prior to equipment being dropped to establish a pool. Such agreement will state free time and charges for equipment after expiration of free time prior to any startup of the drop pool; however, all trailer pools will be subject to a maximum of 2 free days (see TRAILER DETENTION herein). All CTM detention charges within our tariff will apply on all equipment. Upon request, and as a courtesy only, CTM will provide daily management reports to assist customer/shipper visibility of equipment status. CTM reserves the right to cancel trailer pools and convert service to a stay-with basis.

26 Trip Permits

For any equipment (i.e., oversize, overweight, refrigerated equipment, steamship containers, or private equipment) requiring permits or temporary licensing, CTM will bill all customers an advance charge for permit cost.

27 Transloading

Unless otherwise agreed to in writing, CTM will transload a shipment for an additional charge of \$300 for palletized loads or \$400 for hand-stacked loads. The transloading charge is in addition to all other applicable charges.

28 Weekend or Holiday Shipments

The charges herein apply on Monday through Friday movements. For Saturday movements, the rate will be increased by one half ($\frac{1}{2}$) the rate stated herein, and for Sunday and holiday movements, the rates will be doubled. Holidays are: New Year's Day, Memorial Day, 4th of July, Thanksgiving Day, Christmas Eve, Christmas Day.

added costs – now 300% of prices just 3 years ago, should not even be questioned or challenged by the rail customers...It's kind of sad that there is so little understanding of what the railroads have to do to maintain their rights of way and signals. If they did, they would understand why rail fuel surcharges need to be close to the same charged by truck, and, vary by route, train size, weather and speed.

And, much of this equipment is hydraulic – again requiring huge maintenance as well as consuming hundreds of thousands of gallons a year of hydraulic fluid.

If the STB is not careful here, its going to choke the industry and its ability to do any infrastructure improvements and maintenance in the future. The issue cannot be considered in simply an emotional vacuum...Rails have to have a way to recover these increased fuel costs as well...because budgeted levels before fuel got so expensive...

Footnote

MNR itself owns and operates about 28 pieces of roadway track equipment, all mechanized and all burning a considerable amount of fuel each year, plus two on rail pieces of snow removal equipment and several trucks and cranes with gas and diesel engines.